GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:111
ANSWERED ON:03.03.2016
MRO Facilities for Airlines
Raj Dr. Udit

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Maintenance, Repair and Overhaul (MRO) for the Civil Aviation Sector of the country has not been able to keep pace with the ever growing sector and lack of such facilities is reportedly forcing airline operators to take their planes to other countries causing business and
foreign exchange losses;

(b) if so, the details of existing MRO facilities in the country and the reaction of the Government thereto; and

(c) the steps taken by the Government to enhance MRO facilities for airlines and increase the business potentials, employment generation and foreign exchange earnings of the country?

Answer

Minister of CIVIL AVIATION
(Shri Ashok Gajapathi Raju Pusapati

(a) to (c): A statement is laid on the table of the House.

STATEMENT TO BE LAID IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 111 FOR ANSWER ON 3.3.2016 REGARDING MRO FACILITIES FOR AIRLINES.

(a) to (c): There are 97 approved Maintenance, Repair and Overhaul (MRO) facilities in the country, out of which 7 are capable of carrying out overhaul of planes. Adequate facilities for Maintenance and Repair of planes are available in the country. However, for Overhaul, only limited facility is available.Therefore, operators are taking their aircraft to other countries for Overhauling. Further, the cost of any work done in an Indian MRO is higher due to high taxation and other factors as compared to the work done in an MRO in foreign countries. Therefore, some Indian carriers send their aircrafts to foreign countries to carry out the maintenance services depending upon their commercial considerations, duration for accomplishment of maintenance and lease requirement.

Government has taken following steps to enhance MRO facilities/activities:
1) -In the Budget 2016-17, Government has removed Customs duty on
import of tools and tool kits,
-Simplified the documentation requirements for Custom clearance of aircraft parts imported by MROs,
-The parts can now be stored by MROs for extended periods which will provide economy of scale,
-Foreign aircraft coming to India for MRO work can now stay upto six months and thereafter with the permission of Directorate General of Civil Aviation,
-Import and export of parts repair under Standard Exchange Scheme has also been facilitated.

2) State Governments have been requested to remove VAT on spare parts sold by MROs.

3) Airport Authority of India (AAI) has finalized a policy for providing concession to Maintenance Repair Overhaul (MRO) in land rental and royalty charged by them at their airports.;

4)"Incentivising MROs" has been included as an action plan under the "Make in India" programme. The Government has released Draft National Civil Aviation Policy in October, 2015 which inter-alia provides various major initiatives / steps to facilitate MRO industry in the country.

5) Regulatory reforms by DGCA by updating the rules and procedures as
per international standards.